

# City of Carlsbad Financing Symposium Infrastructure, Facilities & Services

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August 29, 2019

# Welcome

- Presenter introductions
- Overview of today's presentation
- The “big picture”

# Today's Topics

1. Fundamentals of infrastructure financing
2. What's been used in Carlsbad
3. Current and future opportunities

# Fundamentals of Infrastructure Financing

Laura Rocha, Deputy City Manager  
Administrative Services

Meeting the infrastructure financing challenge has emerged as one of the most urgent issues facing federal, state, and local government.

It is imperative that the city's infrastructure capacity keep pace with its growing population and economic activity, all while continuing to provide a high level of service to our community.

# Introduction

- What do we mean by infrastructure
- Types and components of infrastructure
- Fundamentals of infrastructure financing
- Trends and challenges of financing infrastructure

# Infrastructure

- A large, up-front investment that requires significant capital outlay
- A long economic life
- Often involve high risks, efficient and prudent financing is critical



# Infrastructure

- A wide array of physical assets required to support both private economic activities and social services
- Fundamentally different from daily operations of governments
- Physical assets required to support both private economic activity and social services

# Economic Infrastructure

## Transportation Sector

- Surface
  - (roads, bridges, railroads, parking)
- Public transit
  - (urban rail, bus rapid transit)
- Aviation
  - (airports, navigation aid systems)
- Water transportation
  - (inland and sea ports)



# Economic Infrastructure

## Environmental Sector

- Water supply and treatment (drinking)
- Wastewater treatment (sewerage)
- Solid waste management
- Pollution control facilities



# Economic Infrastructure

## Utility Sector

- Electric power systems
- Gas supply

## Telecommunication Sector

- Telephone lines and networks
- High-speed Internet



# Social Infrastructure

## Government Buildings and Facilities

- Government administration buildings
- Public safety and welfare facilities

## Civic and Cultural Buildings

- Libraries, convention centers, others
- Parks and recreation



# Social Infrastructure

## Education Sector

- Elementary schools and facilities
- University buildings and facilities

## Public Health

- Healthcare facilities
- Hospitals





# Social Infrastructure

## Judicial and Correctional Facilities

- Prisons and jails
- Court houses

## Housing and Community Development



# Funding vs. Financing

**Funding** – refers to a revenue source or money that pays for infrastructure, facilities, or services

**Financing** – refers to borrowing money to pay for infrastructure, typically bonds, loans, or debt



# Pay as You Go

- General taxes – property tax, sales tax
- Special dedicated taxes - earmarking
- User charges
- Capital reserves and fund balance
- Federal & state grants or aids

# General Tax

- Imposed to raise general-purpose revenues
  - Majority of voters must approve the decision to impose, increase or extend
  - May be used for any lawful public purpose

# Property Tax

- Largest source of discretionary general revenue
- Imposed on real property and tangible personal property
  - 1% applied to assessed value of property
    - Referred to as “Ad Valorem” property tax
  - “full cash value” in 1975-76 or change of ownership
  - 2% yearly cap became applicable to future years



**Dan McAllister**  
SAN DIEGO COUNTY  
TREASURER-TAX COLLECTOR

TAX BILL YEAR  
**2018-2019**



## SECURED TAX BILL



ST02

**CURRENT  
OWNER**

JOHN Q PUBLIC  
12345 ANYWHERE STREET  
SAN DIEGO, CA 92101

**SPECIAL  
MESSAGES**

PROPERTY SECURED BY THIS ACCOUNT,  
REFER TO ID NO. 123-456-78-90 59088

For Fiscal Year Beginning July 1, 2018 and Ending June 30, 2019

**1 PROPERTY ADDRESS - DESCRIPTION - SUBDIVISION**

12345 ANYWHERE STREET  
LOT 2509  
MIRA MESA VERDE #100

**2 MAP NO.**

000661

**4 DOCUMENT NO.**

528689

**5 DOCUMENT DATE**

08-20-98

**3 DESCRIPTION**

**VALUES & EXEMPTIONS**

LAND	\$	119457
IMPROVEMENTS		140536
TOTAL L & I		259993
PERSONAL PROPERTY		
EXEMPTIONS:		
HOMEOWNERS	\$	7000
OTHER		
NET TAXABLE VALUE		252993

**6**  
OWNER OF  
RECORD ON  
JANUARY 1, 2018

TAXPAYER PROPERTY INC



7	PARCEL / BILL NO.	8	TAX RATE AREA	9	CORTAC NO.	10	1st Installment 11/01/18		11	2nd Installment 02/01/19		12	TOTAL DUE
	123-456-78-90		59088		ZRC5		1439.97	+		1439.97	=		2879.94

13 YOUR TAX DISTRIBUTION			
AGENCY		RATE / CONTACT #	TAX AMOUNT
1% TAX ON NET VALUE	NET	1.00000	2529.93
VOTER APPROVED BOND:			
SAN DIEGO COUNTY	NET	0.00680	17.20
UNIFIED SCHOOL	NET	0.09575	242.24
COMMUNITY COLLEGE	NET	0.01786	45.18
METRO WATER DISTRICT	NET	0.00610	15.43
COUNTY WTR AUTHORITY	NET	0.00075	1.70
TOTAL ON NET VALUE		1.12726	2851.68

14 YOUR TAX DISTRIBUTION		
AGENCY	RATE / CONTACT #	TAX AMOUNT
FIXED CHARGE ASSMTS:		
CO MOSQUITO/RAT CTRL	(858) 694-2888	3.00
MIRA MESA MAINT	(619) 533-6779	3.76
MWD WTR STANDBY CHRG	(800) 755-6864	11.50
CWA WTR AVAILABILITY	(858) 522-6518	10.00
TOTAL DISTRIBUTION AMOUNT		2879.94

# SECURED TAX BILL

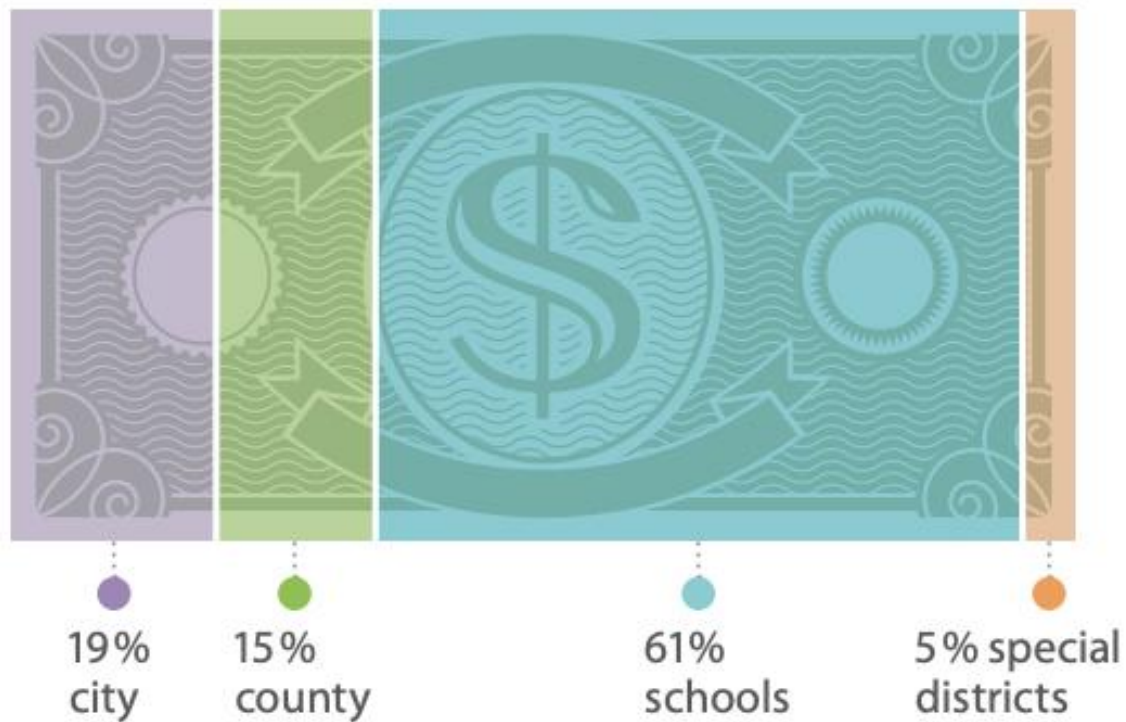
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# Property Tax

- Counties allocate to cities, counties, special districts, and school districts according to state law
- Allocations among local agencies differ

# PROPERTY TAX



# Property Tax

- Tax rates enacted by agencies prior to Proposition 13 in 1978
  - Rolled back property values to 1976 levels
  - Responsibility for allocation transferred to state
  - Reassessment upon change of ownership
  - Cut property tax revenues by 57%



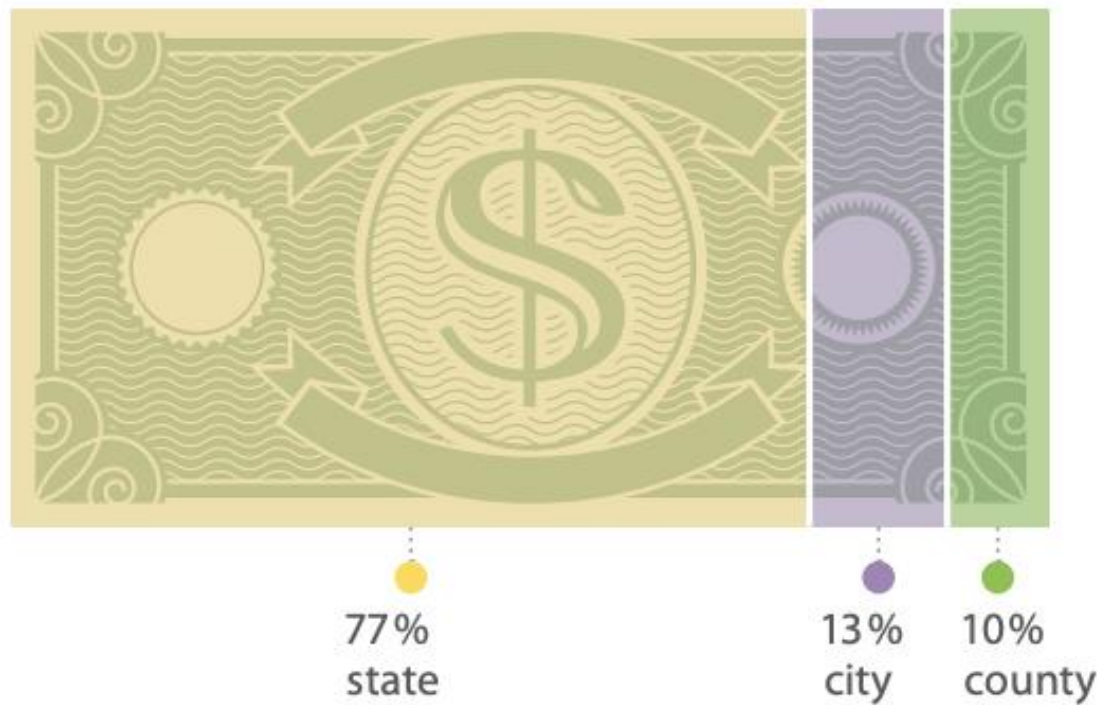
# Special Tax

- Imposed for a specific purpose
  - 2/3 of voters must agree to enact, increase or extend
  - Revenues may only be used for that specific purpose

# Sales Tax

- May be a general or specific tax assessed as a percentage of the amount purchased

## SALES TAX



# Sales Tax

- Cities may impose additional sales tax rates to be added on to the base
  - Requires 2/3 vote for specific purpose

# Other Locally Imposed Taxes

- Transient Occupancy Tax (TOT) or Hotel Tax
- Business License Tax
- Utility User Tax (UUT)
- Parcel Tax

# Service Charges, Assessments, Fees

- Utility rates
- Benefit assessments
- Regulatory fees
- Development impact fees

# Pay as You Use Debt Financing

- Local governments can borrow money to pay for land, facilities, and equipment
- Allows for leveraging the timing of revenues
- Bonds or other debt instruments may be used to finance infrastructure, facilities or services

# Loan and Bond Financing

- Loan Financing
  - Private bank loans
- Bond financing
  - General obligation bonds
  - Revenue bonds
  - Lease – purchase agreements
  - Benefit assessment and special tax financing



# Loan Financing

- Secure direct loans from private commercial banks or industrial loan companies
- Advantageous to smaller agencies
- Usually more expensive and less transparent

# General Obligation Bonds

- Usually done to acquire or improve property
  - Backed by full faith and credit
  - Subject to constitutional debt limit
  - 2/3 voter approval
  - 20-30 year payback period

# Revenue Bonds

- Nonguaranteed debt
  - Used to finance public facilities with definable users
  - Secured by pledge of defined revenue sources
  - Usually not subject to constitutional debt limit, may not require public vote

# Private Activity Bonds

- Bonds issued by local agency on behalf of private business
  - Projects benefit private entity but also serve public purpose
  - Enables private users to benefit from tax exempt status, lower interest rates
  - Encourages private sector investment in public infrastructure

# Lease Purchase Agreements

- Agency leases asset for a period of years
  - Option to purchase land or improvement at end of term
  - Principal and interest paid is equivalent to financing a loan
  - Referred to often as a “certificate of participation”

# Benefit Assessment Financing

- Used to finance the costs of needed improvements or services by assessing property owners
  - Assessed only on properties that directly benefit from the service
  - Assessment is determined based on a benefit formula, not on property value
  - Fosters local control of resources

# Benefit Assessment Financing

- The California Constitution defines a special benefit as:  
“a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large”

# Benefit Assessments and Prop 218

- Prop 218 transformed the landscape of benefit assessments
  - Shifted burden of proof to local agencies
  - Authorized more independent judicial review
  - Increased scrutiny of engineer's report



# Benefit Assessment Financing

- Benefit Assessment Districts are *not* cities or counties, special districts, or “mello-roos” districts
  - Assessment districts are financing tools that fund projects and services that property owners want

# Other Tools

- Enhanced Infrastructure Financing Districts (EIFD)
- Community Revitalization Investment Areas (CRIA)
- Public-Private Partnerships
- User Fees

# Trends and Challenges

- State and federal aid to cities is declining
- Sales tax base is declining
  - Relative to population and inflation
  - Gradual shift toward a service-oriented economy
- Voter approved provisions limit types and approvals
- Resident's demand for a greater array of services

# Trends and Challenges

- Infrastructure improvements and maintenance are lagging
- Rising capital construction costs, health-care and pension costs
- Resident's demand for a greater array of services

# Questions and Comments

FUNDAMENTALS OF INFRASTRUCTURE FINANCING

# Carlsbad's Infrastructure and Services Financing History

Warren Diven, Partner  
Best Best & Krieger LLP

# Drivers of Historical Infrastructure Financing

- Passage of Proposition 13 in 1978
- Passage of Proposition H in 1982
- 137.5% population growth from 1970-1980
- 78% population growth from 1980-1990
- Passage of Proposition E in 1986 establishing a voter approved Growth Management Plan that in part insured that public facilities and improvements are available concurrent with the need created by new development

# Financing of Infrastructure

1. Pay as you go
2. Debt obligations
3. Local obstacles to financing of infrastructure



# Pay As You Go

- Development impact fees
- Special taxes or assessments
- General fund revenue
- Enterprise fund revenue
- Grants

# Development Impact Fees

- Public facilities fees – major infrastructure pursuant to Growth Management Plan, e.g., Parks, libraries, fire stations, public buildings, major streets
- Traffic impact fees –street improvements citywide
- Park-in-lieu fees – park acquisition and improvements

# Development Impact Fees (Cont.)

- Parking-in-lieu fees – acquisition of land for parking in the Village
- Planned local drainage fees – drainage facilities in planned local drainage areas from which fees collected
- Water and sewer connection fees – water and sewer improvements

# Special Taxes or Assessments

- Bridge & Thoroughfare District #1
  - 3 I-5 interchanges
- Bridge & Thoroughfare District #2
  - Aviara/Poinsettia
- Bridge & Thoroughfare District # 3
  - Cannon Road West

# Special Taxes & Assessments (cont)

- Community Facilities District No. 1
  - Funds major infrastructure mandated by growth management plan
  - Completed infrastructure:
    - Dove Library
    - I-5 Interchanges – Palomar Airport Road, La Costa Avenue, Poinsettia Lane
    - La Costa Avenue, Olivenhain Road, Cannon Road, Faraday Avenue

# Special Taxes and Assessments (Cont.)

- CFD No. 1 infrastructure to be completed:
  - Civic center
  - Veteran's Memorial Park
  - Orion Center (public works yard)
  - Cole Library expansion

# Revenues

- General Fund revenues
  - General Capital Construction Fund
    - Funds miscellaneous improvement projects
  - Infrastructure Replacement Fund
    - Funds miscellaneous improvement replacement projects

# Revenues (Cont.)

- Water and Wastewater Enterprise funds
  - Funds improvements to the water and sewer systems
- Gas tax revenue
  - Funds circulation system improvements, e.g., traffic signals, pedestrian improvements, payment markings, medians, trails



## Revenues (Cont.)

- TransNet/Transportation Development Act
  - Funds circulation improvements, e.g., adaptive traffic signal program, pedestrian lighting, street improvements, trails, ADA improvements
- Non-jurisdictional fees – trash haulers
  - Funds improvements necessary to mitigate trash hauler wear and tear on City streets

# Grants

- SANDAG (Transnet)
- State of California (e.g. CCC, sea level rise)
- US Department of Housing and Urban Development
- US Department of Transportation

# Debt Obligations

- Municipal bonds
- Lease financing
- Loans and reimbursements

# Municipal Bonds

- Community Facilities District No. 3 Special Tax Bonds - payable solely from special taxes levied within the CFD
  - CFD encompasses industrial properties north of Palomar Airport Road and east of El Camino Real
  - Funded Melrose Drive to City of Vista, portions of Palomar Airport Road and Faraday Avenue

# Municipal Bonds (Cont.)

- Assessment District Bonds – payable only from assessments levied within the Assessment Districts
  - AD No. 95-1 – encompassed Carlsbad Ranch and funded portions of Cannon Road, Palomar Airport Road, Armada Drive and Lego Drive
  - AD No. 96-1 – encompassed Rancho Carrillo and funded portions Melrose Drive and Palomar Airport Road

# Municipal Bonds (Cont.)

- Assessment District Bonds (cont.)
  - AD No. 2002-1 – Encompassed Bressi Ranch and La Costa Greens and funded portions of Poinsettia, El Fuerte and El Camino Real
  - AD No. 2003-1 – Encompassed Carlsbad Oaks North and funded portions of Palomar Airport Road, Faraday, Melrose and El Fuerte

# Municipal Bonds (Cont.)

- Redevelopment Tax Allocation Bonds
  - Payable only from tax increment
  - Funded, for example, streetscape improvements in Village, acquisition of property for Carlsbad Senior Center and other properties needed redevelopment
- Carlsbad Public Financing Authority Revenue Bonds
  - Payable from net revenues of Carlsbad Municipal Golf Course and back up pledge of lease revenues

# Lease Financings

- CMWD Certificates of Participation
  - Financed water storage reservoirs
- Certificates of Participation
  - Financed the acquisition of Hosp Grove





# Loans

- California State Water Resources Control Board State Revolving Fund Loans
- RCW facility expansion



CARLSBAD'S FINANCING HISTORY

# Reimbursement Agreements

- Rancho Santa Fe Road – developers reimbursed developer that financed improvements
- Carlsbad Ranch Infrastructure Financing District – reimbursed Legoland for up front funding of infrastructure



CARLSBAD'S FINANCING HISTORY

# Infrastructure Financing Constraints

- Proposition H – CMC Chapter 1.24
  - Limitation on city General Fund spending of \$1M or more to:
    - acquire property or
    - finance improvement projects
  - Without voter approval

# Infrastructure Financing Constraints (Cont.)

- Policy 33 – Prohibition on passing assessments or special taxes on to residential homeowners
- Reserve requirements may limit revenue funding

# Financing Infrastructure Services

- General Fund revenues
- Assessments
  - Lighting and Landscaping Districts
  - Buena Vista Channel District – adjacent property owners pay assessments to maintain channel

# Services Financing Constraints

- Proposition 218
  - Requires assessment ballot proceedings to increase assessments unless escalator approved when lighting and landscaping district formed

# Questions and Comments

FUNDAMENTALS OF INFRASTRUCTURE FINANCING

# Opportunities for Financing Public Infrastructure and Services

Barbara Hale-Carter, Principal  
Special District Financing & Administration, LLC



# Opportunities

- Revenue opportunities
- Financing opportunities

CURRENT AND FUTURE OPPORTUNITIES

# Revenue Opportunities

- Ad valorem property tax
- Sales tax
- Transient occupancy tax (“TOT”)
- Parcel tax
- Utility user tax (“UUT”)
- Community facilities district (“CFD”) special tax

CURRENT AND FUTURE OPPORTUNITIES

# Ad Valorem Property Tax

- Ad valorem property taxes are based on the net value of the property
- A public agency can, through 2/3 voter approval, authorize the levy of an ad valorem property tax to generate funds above the tax revenue received from general property taxes

CURRENT AND FUTURE OPPORTUNITIES

# Ad Valorem Property Tax

- This additional levy is used to support the repayment of general obligation bonds
- The proceeds of the GO Bonds fund only specifically identified facilities
- The ad valorem tax is levied only so long as bonds are outstanding

CURRENT AND FUTURE OPPORTUNITIES

# Ad Valorem Property Tax

- GO Bond Tax Example: City of Escondido
  - Passed a “Fire, Police and Emergency Response” measure in November 2004
  - Authorized and issued \$84,350,000
  - Purpose: construct, upgrade and acquire land for fire stations, including emergency response training center and combined police and fire headquarters facility
  - Levy for fiscal year 2018-19 on an example home assessed at \$300,000 was \$89.25

CURRENT AND FUTURE OPPORTUNITIES

# Ad Valorem Property Tax

- GO Bond Tax Example: City of La Mesa
  - Passed a “Fire, Police and Emergency Services” measure in March 2004
  - Authorized and issued \$25,000,000
  - Purpose: construct, upgrade and acquire land for fire and police stations and medical response equipment including an emergency operations center
  - Levy for fiscal year 2018-19 on an example home assessed at \$300,000 was \$25.55

CURRENT AND FUTURE OPPORTUNITIES

# Sales Tax

- Total maximum sales tax is limited to 10%
- Current countywide base is 7.75%
- Approved tax measures are in addition to 7.75%
- Possible future initiatives by NCTD and SANDAG, need to move quickly

CURRENT AND FUTURE OPPORTUNITIES

# Sales Tax

- Tax measures with the revenue dedicated to a specific purpose require a supermajority (2/3) vote
- Tax measures designed to deposit revenue into the general fund require a simple majority vote (50% plus 1 vote)
- No term must be specified



# Sales Tax

- Average sales tax countywide is 8.06%
- San Diego cities above 7.75% include
  - Chula Vista, Del Mar, National City (8.75%)
  - La Mesa (8.50%)
  - El Cajon, Oceanside, Vista (8.25%)
- Groceries and prescription drugs are excluded

# Sales Tax

- Initiative language for currently approved sales tax within San Diego County include:
  - Public safety
  - General city services and infrastructure
  - General fund services
  - Essential city services

# Sales Tax

- Using the projected fiscal year 2019-20 sales tax revenue, the specified increase in sales tax would result in the following estimated additional revenue for Carlsbad

Tax Rate Increase	Estimated Additional Revenue
0.25%	7.5 million
0.50%	15.0 million
0.75%	22.5 million
1.00%	30.0 million

# TOT

- Transient Occupancy Tax “TOT”
- Example businesses subject to TOT include hotels, motels, and short-term vacation rentals
- TOT is not applied to time-shares and state park campgrounds
- A TOT is applied to stays less than 30 days

# TOT

- New or increases in existing TOT must be voter approved (supermajority for specific purpose or simple majority for general governmental purposes)
- No term is required to be specified
- As an estimate, based on fiscal year 2018-19 TOT revenue, an increase of 2% (for a TOT total of 12%) would increase revenues approximately \$5.2 million in Carlsbad

# TOT NEIGHBORING JURISDICTIONS

Jurisdiction	Type of Tax/Assessment	Rate
City of Carlsbad	TOT - All lodging businesses, plus	10%
	Tourism Business Improvement District	\$1/day
	Golf Lodging Improvement District	\$2/day
City of Encinitas	TOT – All lodging businesses	10%
City of Oceanside	TOT - All lodging businesses; plus	10%
	OTMD Assessment – Short-term rentals	1.5%
	OTMD Assessment – Hotels/Motels	2.5%
City of Solana Beach	TOT – All lodging businesses	13%
City of Vista	TOT – All lodging businesses	10%
City of San Marcos	TOT - All lodging businesses	10%
City of San Diego	TOT – All lodging businesses; plus	10.5%
	TMD Assessment Lodging businesses, 70 or more rooms	2%

# TOT DESTINATION LOCATIONS

Jurisdiction	Type of Tax/Assessment	Rate
City of Carlsbad	TOT – All lodging businesses, plus	10%
	Tourism Business Improvement District	\$1/day
	Golf Lodging Improvement District	\$2/day
City of Anaheim	TOT – All lodging businesses	15%
City of Palm Springs	TOT – Group meeting hotels	13.5%
	TOT – All lodging businesses; plus	11.5%
	TBID – Hotels with 49 rooms or less	1%
City of Sonoma	TOT – All lodging businesses; plus	13%
	Sonoma Tourism Improvement District	2%
City of Laguna Beach	TOT – All lodging businesses; plus	12%
	Tourism Business Improvement District	2%
City of Santa Barbara	TOT – All lodging businesses; plus	12%
	TBID – per occupied room based on average daily rate	\$0.95 - \$4.85
City of Newport Beach	TOT – All lodging businesses	10%

# Parcel Tax

- A fixed charge amount to fund facilities and/or services
- Levied through the county property tax bill
- The tax is not based on value
- A supermajority (2/3) vote is required
- Ballot measure may or may not provide a term

CURRENT AND FUTURE OPPORTUNITIES



# Parcel Tax

- Authorized purpose of approved Parcel Tax ballot measures
  - Police Services / Public Safety
  - Library Services
  - Park Maintenance
  - Fire Protection
  - Street and Bike Path
  - Paramedic Services

# Utility User Tax

- A utility user tax (“UUT”) is a tax on public service businesses
- A UUT may be imposed by cities and counties
- The UUT is a charged on the consumption of certain utility services
- A UUT must be approved by vote (supermajority for specific purpose or simple majority for general governmental purposes)

CURRENT AND FUTURE OPPORTUNITIES

# Utility User Tax

- A UUT is collected by the utility and remitted to the city or county
- California UUT range from 1% to 11%, with an average rate of 5.4%
- As of January 2017, UUT generated \$2 billion annually in California
- There are exemptions

# Utility User Tax

California UUT	Cities	County	Total	Population Covered
Number	157	4	161	54.0%
Telephone	149	4	153	49.5%
Electricity	156	4	160	52.7%
Gas	156	4	160	52.7%
Cable TV	90	1	91	22.8%
Water	85	1	86	24.7%
Sewer	14	1	15	2.7%
Garbage	12	0	12	1.3%

CURRENT AND FUTURE OPPORTUNITIES

# CFD Special Tax

- A Community Facilities District (“CFD”) can be formed to fund facilities and/or services
- The boundaries of a CFD can contain the entire agency or a smaller defined area
- A supermajority vote is required

# CFD Special Tax

- The amount levied is a special tax
- The special tax may not be based on the value
- CFDs formed to provide funding for services do not have a term

# CFD Special Tax

- Purposes for currently authorized CFDs within San Diego County which fund services
  - Public Services (police, fire, ambulance, paramedic, congestion management, public transportation, lighting, etc.)
  - Maintenance (landscape, preserve / open space, drainage, median, parking facilities, etc.)

# Revenue Opportunities

Revenue	Project Type	Nature of Funding	Vote Required	Term Required
Ad Valorem	Facilities	Specific	67%	Yes
Sales Tax	Facilities & Services	Specific	67%	No
		General	50%	No
TOT	Facilities & Services	Specific	67%	No
		General	50%	No
Parcel Tax	Facilities & Services	Specific	67%	No
UUT	Facilities & Services	Special	67%	No
		General	50%	No
CFD Special	Facilities	Specific	67%	Yes
Tax	Services	Specific	67%	No



# Financing Opportunities

- The majority of revenue opportunities can be used to support debt financing of facilities **AND** can be used to support governmental services
- Historical methods remain valid
- Current requirements need to be evaluated and matched to identified revenue opportunities

CURRENT AND FUTURE OPPORTUNITIES

# Financing Opportunities

- Public-private partnerships
- Post-Redevelopment Area legislation
- Proposed legislation

CURRENT AND FUTURE OPPORTUNITIES

# Partnerships

- Public-private partnerships can be used to build infrastructure
- Private capital funding relieves limited public dollars
- Construction of project accelerated
- Relieves public agency of some risk

CURRENT AND FUTURE OPPORTUNITIES

# Partnerships

- Public-private partnership examples:
  - Desal Plant (Carlsbad)
  - Civic Center (Long Beach)
  - Academic buildings, recreational facilities, student housing (UC Merced)
  - Rental car facility, people mover (Los Angeles International Airport)
  - State routes 241, 261, 133 and 73 (Orange County)

CURRENT AND FUTURE OPPORTUNITIES

# Post-RDA Legislation

- Infrastructure Financing District (“IFD”) - 1990
  - Purpose limited to purchase, construct, expand, improve, retrofit or rehabilitate
  - Improvements must be of “communitywide significance” to an area larger than the district
  - Facilities include highways, interchanges, ramps and bridges, arterial streets, parking facilities, sewage treatment and water reclamation plants – with a useful life of 15 years or longer
  - IFD limited to 30-year life after formation
  - Have been used infrequently

CURRENT AND FUTURE OPPORTUNITIES

# Post-RDA Legislation

- Community Revitalization & Investment Authorities (“CRIA”) - 2017
  - Similar to Redevelopment Law
  - Added restrictions to improve accountability
  - To date, no cities have implemented

# Post-RDA Legislation

- Affordable Housing Authority (2018)
  - Authorizes tax increment to finance low-and moderate housing
  - Must adopt a affordable housing plan that identifies goals, number of new, rehabilitated or price-restricted (very low, low-and moderate-income) units to be assisted within next five years and a five-year fiscal analysis
  - To date, no cities have implemented

CURRENT AND FUTURE OPPORTUNITIES

# Proposed Legislation

- Assembly Bill 11 – Community Redevelopment Law of 2019
  - Cities and counties would form an affordable housing and infrastructure agency (“AHIA”)
  - A designated redevelopment area within which tax increment could be redirected to the development of affordable housing
  - Exact terms remain in flux



# Proposed Legislation

- Senate Bill 1 – Affordable Housing and Community Development Investment Program
  - Cities and counties would apply to a lead committee which would be empowered to distribute funds for all projects across the state
  - As currently drafted the committee would allocate up to \$200 million per year for fiscal years ending June 30, 2022 through June 30, 2026 and \$250 million per year for fiscal years ending June 30, 2027 through June 30, 2030
  - Exact terms remain in flux

CURRENT AND FUTURE OPPORTUNITIES

# Questions and Comments

FUNDAMENTALS OF INFRASTRUCTURE FINANCING